

WHOLE RUSSIAN ARMY MASSING; GERMANY MAKES COUNTER MOVE

tion of the difficulty through the good offices of the United States is the question of time. Any form of intervention would be welcomed by the Powers, but action in this direction would have to be taken immediately.

Little hope is expressed here of the possibility that anything could be achieved now through the efforts of the United States if that nation should offer her services to the powers involved.

Germany has not listened to any power, or rather she has listened without acting on the suggestions offered. If she would listen to the United States some good might come of an offer of the services of that country as mediator, but the German attitude maintained up to the present precludes hope.

A HANDFUL OF SERBIANS CHECKED AUSTRIAN ARMY

Special Cable Dispatch to The Sun.

MILAN, July 31.—A despatch from Nish, the headquarters of the Serbian Government, to the *Secolo*, says the battle at Losnitza, near the Bosnian frontier, between the Austrians and Serbians, was the most important that has yet taken place. A few hundred Serbians held several thousand Austrians in check for more than five hours and retired at nightfall after having severely harassed the enemy.

The Austrians did not advance. They evidently were afraid of a trap.

Referring to the attack on Semendria, the correspondent expresses the opinion that it is the purpose of the Austrian force there to reach Nish at the earliest possible moment but thinks it will take a week to overcome Serbian resistance at the well defended positions at Palanka, Jagodina and Por-tol.

An Austrian column has been ordered to march across the sanjak of Novi-bazar and attack the Serbian main army. The rear column has not yet

tion. Germany would accept suggestions.

Ambassador Myron T. Herrick has postponed his departure, as it is doubtful if the France will sail on August 8. The Ambassador hopes to be able to sail on August 12. He is deferring the presentation of his letters of recall until August 11, owing to the rush of business at the Chancellery, due not only to the European crisis but to the overwhelming demands for passports by Americans who intend to remain on the Continent even in case of war.

LONDON, July 31.—So far as is known nothing is known by official London of any steps by the Washington Government toward asking the Powers if the United States can do anything looking toward the maintenance of European peace.

ULTIMATUM FROM KAISER TO FRANCE IS REPORTED

Special Cable Dispatch to The Sun.

ROME, Aug. 1.—The *Gazzetta d'Italia* published an extra at midnight giving two despatches said to have been received by an Italian telegraph agency. The first of these said that Germany had sent an ultimatum to France demanding an assurance of neutrality within twelve hours.

The second despatch said that Germany was sending a demand to Russia that she cease mobilization within twelve hours. Both ultimatums expire

at noon to-day.

PARIS, Aug. 1.—The *Matin* received a telephone message from Rome at 1 o'clock this morning saying that Germany was sending ultimatums to Russia and France.

LONDON, Aug. 1.—No late news has been received in London from Berlin, Vienna or St. Petersburg. The latest despatches to the *Times* from Rome report a rumor current there that Germany sent an ultimatum to Russia and France Friday night.

RUSSIA ISSUES CALL FOR ARMY ON WAR FOOTING

Special Cable Dispatch to The Sun.

ST. PETERSBURG, July 31.—An order summoning all the reservists to the colors was posted here this afternoon. Shops and restaurants lost half of their staffs as a result of the order.

The Czar gave an audience to the Baron de Pourtales, the German Ambassador, this afternoon. Afterward he presided at a full council of Ministers in which the chief of the general staff also participated.

The mail train for the west did not start to-night.

The strike at Baku has ended, both sides agreeing to a settlement for patriotic reasons.

Zemstvos everywhere are organizing Red Cross services.

Steamship service to Stockholm was stopped to-day. Steamships are still leaving Russian ports for England.

Patriotic demonstrations kept the people of St. Petersburg awake all night and the excitement has been kept at fever point today by repeated extra editions of the newspapers. The public took up the extra faster than they could be printed. The lack of sufficient copies was made up by the purchasers, who read the latest despatches to the crowds in the streets.

The demonstrations included great processions in which the Russian imperial banner and portraits of the Czar were carried. There was continual cheering for the Czar and the army. Orators at impromptu meetings held all over the city and in the suburbs kept up the enthusiasm of the people. Men flocked to the mobilization offices to join their regiments for the conflict which they believe to be inevitable.

A frenzy of enthusiasm prevails through the capital. Strangers are embracing each other in the streets, inquiring the latest news and giving evidences of loyalty to the empire. In spite of these somewhat hysterical demonstrations the seriousness of the situation in which the empire has found herself is fully realized. Personal affairs have been laid aside in many cases with the conviction that they were overshadowed by the national events.

HIGHLY, July 31.—The *Neueste Nachrichten* prints a despatch from Warsaw giving the line of Russian advance as from Kovno to Bialystok, to Grodno, to Brest, to Litvskoy, to Kovno Proskurov, and from there to the frontier. The line of infantry and two regiments of artillery are on their way to the frontier and that only a small garrison has been left at Warsaw.

The *Frankfurter Zeitung* has a despatch from Constantinople confirming a report of a mutiny in the Russian fleet at Sebastopol, but giving no details.

A despatch from Ekibastun in eastern Prussia on the Russian border says the second and third Russian cavalry divisions are on the frontier between Wirballen and Allenstein. The Prussians have burned a number of guard-houses.

Prussia and its waters have been declared to be in a state of war.

LONDON, July 31.—Despatches received here say that the St. Petersburg Government has ordered the commanders of Russian troops in the Black Sea and the Baltic to seize all coal and oil and to furnish foreign merchant vessels with only enough fuel to reach the nearest foreign port.

ROME, July 31.—It is reported here that a Russian flying squadron consisting of three cruisers and two destroyers is speeding toward the Bosporus. The object of seizing any steamers flying either the flag of Germany or Austria immediately after war is declared.

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GERMANY IN STATE OF WAR; KAISER DEFIES HIS ENEMIES

Special Cable Dispatch to The Sun.

BERLIN, July 31.—Fifty thousand persons gathered outside the Kaiser's palace this evening and cheered repeatedly for the Emperor and Germany. Presently the Kaiser appeared at a window and was saluted with tremendous enthusiasm. He raised his hands in silence and spoke in a loud, ringing voice as follows:

"This is a dark day and hour for Germany. Envious people on all sides are compelling us to make our just defence. The sword is being forced into our hands.

"I hope that if at the last hour my efforts do not succeed in bringing our opponents to see eye to eye with us in maintaining peace we shall, with God's help, so wield the sword that when all is over we shall sheath it with honor.

"A war would demand of us enormous sacrifices of life and property, but we should show our foes what it means to provoke Germany.

"Now I command you all to go to church, kneel before God and pray to Him to help our valiant army."

Martial law was proclaimed in Germany to-day. The decree announcing that the Empire is in a state

of war, prohibits the publication of news of the movement of German troops and war material and announces military measures on frontiers, the armed protection of the railroads, and the restriction of telegraphic, postal and railroad service to military purposes. The decree was signed by Emperor William as King of Prussia.

Under the proclamation, the military authorities take charge of the situation under Paragraph 65 of the Imperial Constitution. The Kingdom of Bavaria, which has the right to proclaim martial law on its own territory, is exempt from the provisions of the decree, but is expected to issue a similar decree.

Officials of the Foreign Office admitted to-day that the situation had been aggravated by the Russian order for complete mobilization, but asserted that even at the Foreign Office that no mobilization order would be issued by Germany to-day.

Crown Prince Frederick William was appointed to-day to the command of the First Division of the Imperial Guards army corps.

Although actual mobilization was deferred, there were many evidences to-day of preparation for a quick movement of the troops when the step finally is taken. Army officers were seen at many banks in Berlin making arrangements for the support of their families while separated from them and women bested safe deposit vaults storing their valuables.

The report that the Grand Duke Ernest of Hesse had been sent to St. Petersburg in an effort to maintain peace was



News despatches have told of the concentration of the Austrian army on the Bosnian frontier and the above map gives a very clear idea of how far the Austrian campaign has advanced. With Sarajevo as a base the Austrian army is endeavoring to cross the frontier by way of the narrow defile at Klotovatz in hope of reaching the Serb railway, which runs east to the main line, passing through Nish.

Another Austrian army has been engaged with the Serbs at Semendria on the northern Serbian frontier.

denied semi-officially here to-day. The Duke is said to be still at Wolfsgarten Castle. Crown Prince Ceclie returned from Mecklenburg to-day and the King of Saxony, who has been in Switzerland, has returned to Dresden. Other members of the royal families who have been away on vacations are hurrying home.

Four newspapers which printed a report that mobilization had been ordered have been suspended and a rigid censorship has been established over all news despatches dealing with the situation. The Government is taking measures to prevent the circulation of alarming rumors and of erroneous news which would tend to increase the excitement of the German people. Despatches considered objectionable by the censor are returned to the senders.

An order was issued by the Federal Council to-day to take effect immediately, prohibiting the export of grain, flour, foodstuffs, animal products, automobile trucks, motor cycles, petroleum, coal tar and coal oils. It was said that this

step was made necessary by the reports from the chambers of commerce of heavy exports of these articles within the last few days. A semi-official statement regarding the meeting of the Federal Council, at which this measure was adopted, said that the matters dealt with by the council were of "secondary importance."

The Berlin City Council has commissioned grain firms to increase stores of foodstuffs in Berlin and similar measures have been taken in frontier cities. LONDON, Aug. 1.—A Copenhagen despatch to the *Daily Mail* says that notwithstanding the announcement that the German high seas fleet had returned to Wilhelmshaven and that the fleet still at Baltic port eighty miles to the westward of Kiel, and other ships are off Norway near Lister.

LONDON, July 31.—The German Emperor's yacht, Meteor, Frau Krupp von Bohlen's yacht, Germania, and another German yacht, the Isobel, have been withdrawn from the Cows regatta and are on their way homeward.

There is nothing left to do but prepare for the great encounter which for so many years France has striven to prevent. Defeated in 1871 she will be victorious in 1914. Von Moltke gave fifty years for the Germanization of Alsace. Forty-three years have passed without this Germanization advancing.

The *Temps* yesterday gave details of the conversation between Count von Pourtales, the German Ambassador to Russia, and Foreign Minister Sazonoff at St. Petersburg yesterday.

The Ambassador asked, according to the *Temps*, whether, in case Russia were assured that Austria would not retain any territory conquered in Serbia, Russia would stop her mobilization.

M. Sazonoff replied "No" to this query, adding that Russia could not permit the "execution" of Serbia as announced by Austria.

When Count von Pourtales asked under what conditions Russia would demobilize the Foreign Minister replied that any question of this sort must first come from Vienna, since Austria had committed acts of war and had made declarations which alone had demobilized Russia to mobilize.

FRENCH TROOPS MASSING. They Now Face Germans Who Are Patrolling Boundary.

PARIS, July 31.—The German troops on the French border became so active to-day that the French troops stationed outposts on their side of the border. One German patrol crossed the boundary by mistake. The French troops are being held at a distance of at least six miles from the German frontier and no considerable body of them has approached nearer than that to German territory.

Officials of the Foreign Office said to-day that the gravity of the situation is increasing daily and they showed a more pessimistic view than hitherto. In spite of this they declared that the French Government will leave nothing undone which might still assure peace in Europe, and that if it must be assumed that all hope of peace has been abandoned, the Foreign Office officials said that France would make no move toward mobilization until Germany had taken a similar move first, the republic preferring to lose the justifiable advantage which an early mobilization would give her rather than to give the appearance of being in the least provocative.

Dutch Army Mobilizes. THE HAGUE, July 31.—Queen Wilhelmina issued a decree this afternoon ordering the general mobilization of the Dutch army. The wording of the decree indicated the urgency of the crisis.

The commandant of the fortress at Ypres, Holland, detained the Austrian Government steamer Arod who arrived here to-day from Fiume by way of Agiers with thirty-one Austrian naval cadets on board. The commandant placed a military guard on the vessel and asked the Government for instructions.

E. H. GARY IS PLEASED. Steel Trust Head Approves Closing of Exchange.

PARIS, July 31.—Elliott H. Gary, chairman of the United States Steel Corporation, expressed himself to THE SUN's correspondent to-day as much as possible regarding the danger of the immediate outbreak of a general European war than the majority of American and

European business men has seen lately. He expressed great satisfaction with the closing of the New York Stock Exchange and said that in his opinion all exchanges should remain closed until the situation clears definitely.

Judge Gary said that he was strongly in favor of closing the exchange in 1907 and that he had attended all at meetings of bank directors which he attended, but that the late J. P. Morgan overruled him. Mr. Morgan, he said, strongly objected to so drastic a measure. Judge Gary said that he advocated closing not only as a preventive of Europe using New York as a dumping ground for her stocks but more especially to prevent men from seeing quotations during the time of inevitable and sudden but temporary shrinkage of tremendous proportions.

"At a time like this let us have no quotations," Judge Gary said.

Judge Gary said that he had thought that war might be averted by diplomatic means until the crisis came, but admitted that he is doubtful now, although he thinks it may not come for a short time yet. The sentiment he had gathered from prominent business men in the various countries involved, he said, was general that war was quite inevitable once such an acute situation had arisen.

Judge Gary said that he will remain contentedly at the Ritz, even if all the German servants have gone. He said he is confident that communications will be maintained between Paris and New York and thinks that the war, if it comes, will benefit America for the moment, but eventually will be harmful, owing to the depressing effect upon business.

FEARS FOR COASTERS. Britain Thinks Emergency Act May Cause Trouble.

W. M. Brittain, secretary of the American Steamship Association, composed of the coastwise lines with offices at this port, said yesterday that he was unaware until he noticed it in the afternoon papers that President Wilson was contemplating preparing an emergency bill allowing foreign built ships to fly the American flag immediately so the commerce of the Atlantic might not be too seriously affected. Mr. Brittain said his association had no objection under the circumstances to permitting the foreign built ships coming under the American flag provided they were not permitted to compete with the American built ships in the coastwise trade.

Mr. Brittain said that he knew that there was an organized effort on the part of owners of foreign ships to get them into the coastwise business after the war had been admitted to the ocean service under the emergency act, and that this would seriously affect the business of the big coastwise lines.

There is no doubt, Mr. Brittain said, that the best coastwise boats could enter the overseas service and help in the transportation of passengers and cargo. Many of them were built to fulfill transatlantic requirements and some of them were as big and swift as many of the second class liners flying foreign flags. He was glad to learn that some of the big foreign ships might be put under the American flag, as it might mean the beginning of the rebuilding of the American merchant marine.

The New York and Porto Rico lines' agent said there were several cargo boats that might be put into sea service as grain carriers if the carrying business was profitable, as it seemed likely. Usually offshore business did not interest the coastwise lines, but if there was big money in taking contraband cargo to Europe in bottoms immune from capture he had no doubt that the coastwise ships would go into the business.

The American Hawaiian line, which has a big fleet of oil burning cargo ships, may engage in the across seas grain carrying trade if the demand warrants it. The Mailer and Morgan lines have some first class ships that might be utilized in the transatlantic service and they are waiting to see how seriously the war is going to affect transatlantic freight traffic.

U. S. RECALLS OFFICERS. Navy Men Ordered to Return From European Vacations.

Special Cable Dispatch to The Sun. PARIS, July 31.—According to a despatch from Geneva, several American naval officers who are on leave in Switzerland were recalled to-day by the Navy Department at Washington.

The same despatch announces that Switzerland has ordered a partial mobilization of her forces for the purpose of preserving the neutrality of Swiss territory. Food prices have risen in Switzerland from 10 to 30 per cent., and the Government, in expectation of a general war, is accumulating large quantities of wheat and corn for the military and the people.

BELGIUM GETS READY. General Mobilization of the Army Is Ordered.

Special Cable Dispatch to The Sun. BRUSSELS, July 31.—General mobilization of the Belgian army was ordered to-day. Thirteen classes of reservists have been called out and all horses capable of cavalry use have been requisitioned by the Government.

The Government has issued a proclamation forbidding the exportation of horses, cattle, corn, hay, automobiles and oil.

The management of the Belgian State Railways received official notification from the German Imperial Railway Administration to-day that all international train service into Belgium from Germany has been suspended.

PORTUGAL TO MOBILIZE. Lisbon Papers Say 10,000 Troops Will Assemble.

Special Cable Dispatch to The Sun. LISBON, July 31.—The Lisbon newspapers say that 10,000 Portuguese troops are to be mobilized by virtue of the treaty with Great Britain.

Portuguese warships are leaving for Madeira, the Azores and Cape Verde Islands to protect Portuguese interests at those points.

ITALY TO BE NEUTRAL. One Member of Triple Alliance May Not Take Sides.

Special Cable Dispatch to The Sun. MILAN, July 31.—Il *Secolo* says the Foreign office at Rome has officially declared that Italy will remain neutral in case of a general war.

Italy is the third member, with Germany and Austria, of the Triple Alliance

ENGLAND'S BANK ACT MAY BE SUSPENDED

Joint Stock Institutions to Pay Only 10 Per Cent. in Gold.

REBATES ARE INVOLVED

President and Secretary of O'Gara Coal Co. Also Indicted by Federal Grand Jury.

Special Cable Dispatch to The Sun. LONDON, July 31.—A meeting of the representatives of all joint stock banks was held at the Clearing House this evening. After the adjournment it was reported that it had been determined to pay out 10 per cent. only in gold.

The banks, when pressed this morning, paid out gold in full. This afternoon they paid 25 per cent. in gold. One of the very greatest banks endeavored this morning to get £100,000 (\$500,000) in gold from the Bank of England, but obtained only £15,000 (\$90,000).

The bank rate is expected to go to 10 per cent. to-morrow. The Bank of England did a big business to-day in weekly loan short discount at 10½ and 10.

Representatives of the Bank of England and of the leading joint stock banks conferred to-day with Premier Asquith and Chancellor of the Exchequer Lloyd George on the financial situation. They discussed among other things the suspension of the bank act, which limits the value of notes which may be issued by the Bank of England and restricts the bank from issuing notes beyond the amount of gold it holds except as regards £18,450,000 (\$92,250,000) worth of notes against which securities are deposited.

When the act is suspended, which has occurred only three times since it was passed in 1844, the bank may issue notes beyond its gold holdings.

Another question discussed was the issue of one pound notes, making them and other Bank of England notes legal tender everywhere. The suggestion was raised also of fixing a premium on gold exports high enough to prevent the outflow if the rate falls to prevent it.

After the conference the following statement was issued by the Treasury: "It has been decided that the situation is not at present such as would justify any emergency action in regard to the supply of legal tender currency, but in the event of further developments necessitating Government action the Treasury will be prepared to take such action immediately."

There were unprecedented scenes at the Bank of England to-day. A great crowd of men and women with notes to exchange for gold gathered at the main entrance to the bank. The cashier and other persons carrying satchels, stood in the queue. A curious crowd gathered to watch. The bank authorities treated the matter in the lightest manner possible and said there was no need for a statement.

LONDON 'CHANGE CLOSES. Suspension of British Bank Act Is Probable.

LONDON, July 31.—The London Stock Exchange was closed this morning. The closing was an inevitable sequence to the postponement of the regular settlement on the Paris bourse and the disorganization of credit which accompanied the postponement. The settlement on the London Stock Exchange, which normally would be due the middle of August, has been postponed by the governors of the exchange until the end of the month and the console settlement has been postponed until the middle of September.

The closing of the Stock Exchange had been expected and met with general approval. It was taken as merely reflecting the disorganization of the money market. There have been many rumors of bank runs, but the rumors were exaggerated and in many cases erroneous.

It is expected though that many failures will be the inevitable result of the suspension of credit and the closing of the Stock Exchange. Some place the number of these possible failures as high as fifty among the members of the Stock Exchange alone. The stock exchanges in the big provincial cities closed concurrently with the London exchange.

The lack of England raised its official discount rate to-day to 8 per cent. It had not reached this rate before since the London panic in 1866.

The advance in the discount rate was made in order to check the outflow of gold. Though there was little or no actual financial excitement the scenes in the city to-day were unprecedented since the panic of 1866, when the great Gurney bank failed for \$55,000,000 and the Government found it necessary to suspend the bank act to relieve the Bank of England from the necessity of paying gold for its notes. Nine years before that, at the time of the Indian mutiny in 1857, the discount rate reached 10 per cent., and the bank act was suspended.

Fifty brokers informed the Stock Exchange committee to-day that they would be compelled to default on account of the postponement of the Paris settlement. It is believed that the closing of the Stock

Exchange saved at least fifty other brokers from failure.

Gold at 1½ Per Cent. in Paris. PARIS, July 31.—Gold was held at 1½ per cent. premium in Paris to-day. English sovereigns sold at 28 francs instead of the usual rate of a franc over 25 francs. Smaller tradesmen have become so apprehensive over the situation that they are refusing to accept the Government's new 20 franc and 5 franc bills and a Cabinet council has been called for to-morrow to consider an extension of the terms of payment for obligations falling due.

The volume of business done by department stores has shrunk to half its usual size and mail order houses say they are not doing more than a quarter to a third of their usual business.

Berlin Revises Discount Rate. BERLIN, July 31.—The Imperial Bank of Germany raised its discount rate to-day from 4 to 5 per cent.

Raise in Vienna Rate Also. VIENNA, July 31.—The bank rate in Vienna was raised to-day to 6 per cent.

To Raise Danish Rate. COPENHAGEN, July 31.—Announcement was made to-day that the bank rate will be raised to-morrow to 6 per cent.

Berlin Expects Suspension. BERLIN, July 31.—The financial markets—the Bourse, remains closed—reflected the general pessimism to-day and there was practically no trading except for cash and little cash business was done. At least a dozen brokerage and banking houses are known to be in difficulties and suspensions are expected at any time. It is almost an impossibility to obtain money.

ENGLAND SEES NO HOPE. Opening of Great War Is Expected Hourly.

LONDON, July 31.—Premier Asquith announced in the House of Commons to-day that Russia had proclaimed a general mobilization and that German mobilization would follow.

"We have just heard," the Premier said, "that from St. Petersburg but from Germany, that Russia has proclaimed the general mobilization of her army and her fleet, and that in consequence of this martial law the German war is declared. It will be found that Germany has been mobilizing for days and is in a state of complete preparedness which will cause surprise and consternation on her Russian and French frontiers."

Following the semi-official denial from Berlin that Grand Duke Ernest of Hesse, brother of the Russian Emperor, had been sent to St. Petersburg by Emperor William in a final effort to maintain peace between Germany and Russia, comes the report that Prince Henry of Prussia, brother of the Kaiser and a personal friend of the Czar, had been entrusted with that mission. No confirmation of this report has been received, however, and official opinion here is that the relations between Germany and Russia already are too strained for such a mission to prove successful.

Steamers which have been cleared and channel steamers are compelled to put in at Folkestone. In spite of her efforts to maintain peace England is hastening preparations for war. Part of the troops in the other part of the island are a result of the troubled situation there have returned to Aldershot. Troops from Shorncliffe have been sent to Queenborough and other points in the eastern section of England; coast patrols have been strengthened and extra precautions have been taken to guard the Woolwich arsenal.

The *Times* this morning said that military and naval measures of a defensive character are being carried out "quietly and calmly throughout the British Empire, but it would be unparliamentary to mention the actual steps taken."

Military experts here ridicule much of the information regarding actual fighting which has come from Vienna and St. Petersburg. According to the despatches, the most serious fighting has occurred at Plocha, which is in Russia, twenty miles from the Austrian frontier. The experts consider it impossible that a Serbian force of large size has been able to cross the Drina, which separates that Austria possession from Serbia.

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The British battleship *Triumph* took on war stores to-day and is prepared for action. Work is being carried on at the guard. All troops are confined to barracks and all leave has been stopped. The British colony is guarded by outposts on all sides.

PEKING, July 31.—The British fleet sailed to-day from Hong Kong with sealed orders. The *Wei-Hai-Wei* has no fortifications and was not considered suitable for defense or worth the trouble in case of war. The British naval base in Chinese waters will be at Hong Kong.

SPECIAL ANNOUNCEMENT

In view of the uncertainty of the present European situation, we have decided to postpone the sailings of the steamships "Vaterland" from New York, "Amerika" from Boston, August 1st, and "Imperator" from Hamburg July 31st. For the same reason we have also ordered the S. S. "Pres. Grant," which sailed from New York Thursday, to return